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TO RUEHC/SECSTATE WASHDC PRIORITY 9737
INFO RUEATRS/DEPT OF TREASURY WASHDC PRIORITY
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RUEHUJA/AMEMBASSY ABUJA 1149
RUEHAR/AMEMBASSY ACCRA 0981
RUEHDS/AMEMBASSY ADDIS ABABA 1153
RUEHBY/AMEMBASSY CANBERRA 0413
RUEHDK/AMEMBASSY DAKAR 0773
RUEHKM/AMEMBASSY KAMPALA 1207
RUEHNR/AMEMBASSY NAIROBI 3551
RUEHFR/AMEMBASSY PARIS 0979
RUEHRO/AMEMBASSY ROME 1607
RUEKDIA/DIA WASHDC//DHO-7//
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COMMERCE FOR BECKY ERKUL
TREASURY FOR BEN CUSHMAN, JOHN RALYEA

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TAGS: [PREL](#) [EFIN](#) [KPAO](#) [PGOV](#) [ZI](#)
SUBJECT: GOZ BLAMES U.S., U.K., "RULE CHANGE" FOR IMF VOTE

Classified By: Ambassador Christopher Dell under Section 1.4 b/d

¶1. (U) The state-controlled Herald Newspaper on March 10, under a headline "US, UK block IMF funds", claimed that the United States and the U.K. improperly engineered the IMF's March 8 decision to deny Zimbabwe technical assistance and restoration of its voting rights. The article claimed that the voting results (49.2 percent for Zimbabwe, 30.3 against, 20.7 abstaining) entitled Zimbabwe to be eligible for resources under the Poverty Reduction and Growth Facility and Exogenous Shocks Facility Trust (PRGF-ESF) but that "the rules were suddenly changed as the decision on access to the funds was completely withdrawn from the voting exercise." The article suggested that the GOZ would submit a formal complaint to the IMF.

¶2. (U) In a front page story "IMF maintains sanctions against Zim", the independent weekly Independent newspaper on March 10 offered a fairly straight account of Zimbabwe's status with the IMF. It noted that the IMF Board had rejected Reserve Bank Governor Gono's and Finance Minister Murerwa's pleas and commitments and urged the implementation of a comprehensive policy package of macroeconomic stabilization and structural reforms. The article inaccurately reported, however, that sanctions would remain in place until Zimbabwe's US\$119 million in arrears to the PRGF-ESF fund were paid.

¶3. (C) Comment: The IMF vote throws a wrench into any dreams ZANU-PF may have had of an international bailout. We anticipate that in the wake of the vote, the GOZ's recent propaganda concerning international &bridge-building8 will revert to shrill attacks against the West -) and the U.S. and the UK in particular. In typical fashion, they may even

try to conflate the IMF vote with the other headline of the week -- the discovery of an arms cache in Mutare -- and concoct a wild conspiracy theory linking this all together into a plot against Zimbabwe. Gono and Murerwa almost certainly understand what happened at the IMF and what needs to be done to attract rescue from the outside. However, it is clear from the Herald,s contorted account that many in the ruling elite still don,t understand that rescue requires reform.

DELL